

SENATE FINANCE COMMITTEE

May 3, 2024

9:03 a.m.

[9:03:58 AM](#)

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Chris Rose, Executive Director, Renewable Energy Alaska Project; Nils Andreassen, Executive Director, Alaska Municipal League; Senator Matt Claman; Angie Kemp, Director, Criminal Division, Department of Law; Kaci Schroeder, Senior Assistant Attorney General, Criminal Division, Department of Law; Lisa Purinton, Director of Statewide Services, Department of Public Safety.

PRESENT VIA TELECONFERENCE

Tony Izzo, CEO, Matanuska Electric Association; Travis Million, Chief Operating Officer, Golden Valley Electric Association; Keriann Baker, Chief Strategy Officer, Homer Electric Association; Arthur Miller, CEO, Chugach Electric Association; Natalie Kiley-Bergen, Energy Lead, Alaska Public Interest Research Group; James Stinson, Director, Office of Public Advocacy, Department of Administration; Terrance Haas, Public Defender, Department of Administration.

SUMMARY

SB 217 INTEGRATED TRANSMISSION SYSTEMS

SB 217 was heard and HELD in Committee for further consideration.

CSHB 66 (FIN) am

CONTROLLED SUB;HOMICIDE;CRIMES;SENTENCING

CSHB 66 (FIN) am was heard and HELD in Committee for further consideration.

#sb217

SENATE BILL NO. 217

"An Act relating to the taxation of independent power producers; and increasing the efficiency of integrated transmission system charges and use for the benefit of ratepayers."

[9:04:35 AM](#)

Co-Chair Olson recounted that the committee had heard an introduction to SB 217 the previous day and would now hear invited testimony. He asked for testifiers to limit remarks to ten-minutes.

[9:05:25 AM](#)

TONY IZZO, CEO, MATANUSKA ELECTRIC ASSOCIATION (via teleconference), introduced himself and relayed that he had 43 years of experience in the electric, gas, and energy business; and had almost 25 years in the state.

[9:06:08 AM](#)

AT EASE

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RECONVENED

Mr. Izzo continued his remarks and relayed that he served as ENSTAR president from 2001 to late 2006. He had served as Chief Executive Officer (CEO) of the Matanuska Electric Association (MEA) for the previous eight years. He thought the bill was critical, and considered that the bill was a direct result of the governor's Alaska Energy Security Task

Force. He had served as co-chair of the Railbelt Subcommittee along with the CEO of Renewable IPP. The vision of the task force had concluded that to achieve lower rates for all Alaskans it would take some systemic change and a vision of the future. The task force had come up with three primary recommendations, including to unify the bulk electric transmission system used to move power.

Mr. Izzo noted that there were multiple owners of the electric transmission system (including the state), each with its own revenue requirement approved by the Regulatory Commission of Alaska (RCA) with the exception of the Alaska Energy Authority (AEA). He thought the committee had heard testimony regarding "pancaking" rates. He continued that the task force had realized that there were three constraints in the Railbelt system. He listed technical constraints and described the system in the Railbelt. He mentioned Grid Resilience and Innovation Partnerships (GRIP) Program funding, which would allow for a second line to be built from the Kenai Peninsula at least to Healy to de-constrain the Railbelt. He contended that the line would allow for clean energy projects and renewables and provision of the lowest cost power to every consumer in the region. He mentioned economic constraint and "wheeling," which he thought was a key obstruction to bringing on clean energy projects.

[9:10:40 AM](#)

Mr. Izzo addressed technical constraint and thought some would contend that the GRIP funding was not associated with the bill. He asserted that the GRIP funding provided elimination of the technical constraint. He suggested that those that were not in support of Version U of the bill wanted the funding but without accountability. He believed the accountability of managing the backbone grid as a whole was critical. He emphasized that currently there was multiple entities focusing on different segments of the grid with various different priorities versus what was good for the whole.

Mr. Izzo thought institutional constraints were eliminated in Version U of the bill. He highlighted that the CS eliminated the wheeling rates. He noted that the total revenue requirement for transmission in the Railbelt was about \$50 million, which would be uplifted to the end user as it was currently. The bill would extend tax relief

provisions for not-for-profit cooperative and municipal electric utilities. He believed that it was important to move to sources of energy other than gas immediately. The bill would establish a Railbelt transmission organization (RTO) within AEA, which owned approximately a third of the transmission. The bill would increase revenue to the RCA.

Mr. Izzo noted that the bill would move transmission planning from the electric reliability organization (ERO) to the RTO. When the ERO was formed, the group did not know about GRIP funding. The ERO consolidated the reliability standards and enforcement, and centralized the integrated resource planning for the entire grid as a whole.

Mr. Izzo emphasized that the ERO would take a couple of years to come up with a plan, which would include improvements to reliability in transmission and new types of generation for different areas. He thought having a second transmission line built was a great opportunity with a group focused solely on the electrical "backbone," and with the ability to move any type of new generation across any part of the Railbelt.

[9:15:18 AM](#)

Mr. Izzo summarized his remarks by saying the bill offered a key moment for the state to prepare for future opportunities. He pondered what would happen if the bill was not passed, which he thought included myopic and sometimes xenophobic choices by utilities, potential limited development constrained by utilities, and more expensive projects with continued dysfunction. He thought economy of scale was critical. He relayed that there had been attempts to achieve provisions in the bill in the past. Utility efforts had failed, and the legislation was needed to guide towards a better future for the state to have lower rates.

Senator Wilson thought Mr. Izzo communicated that the ERO and RTO were both needed, and asked if he supported the two entities working in tandem.

Mr. Izzo answered affirmatively. He thought the CEO of the ERO should be part of the transmission organization that was based in AEA as a management committee similar to the Bradley Lake Project Management Committee (BPMC). He noted that the costs were extremely low. He emphasized that as

owners, the group should maintain the fiduciary responsibility for the assets that members owned. He did not think it mattered as much prior to the GRIP funding. He stressed the importance of the ability to bring on larger generation projects to enhance energy security. He thought it was fine that there were utilities managing transmission assets, and a broad membership on the ERO to look at policy and standards and planning.

Senator Wilson commented on the complexity of the bill. He suggested that it would be helpful if the invited testifiers discussed aspects of the bill that were supported and identified any issues.

[9:20:28 AM](#)

TRAVIS MILLION, CHIEF OPERATING OFFICER, GOLDEN VALLEY ELECTRIC ASSOCIATION (via teleconference), introduced himself and relayed that he was relatively new to the Railbelt and had been in his role for eight months. He relayed that he had been involved with the utility industry in the state for almost 20 years. Prior to coming to Golden Valley Electric Association (GVEA), he had worked for Copper Valley Electric. He highlighted some points made by Mr. Izzo, including dysfunction of the Railbelt. He thanked the governor for his leadership in bringing the bill forward, and recognized the work that had been done by the Senate Resources Committee as well as the utilities and non-utilities stakeholders.

Mr. Million asserted that GVEA agreed with the findings in the original bill, especially as it related to the integrated transmission system and the elimination of the per-unit wholesale transmission charges, and multiple pancake rates (or wheeling). He continued that GVEA agreed that the actual reasonable costs to own and operate the system should be fairly recovered by the load-serving entities. Further, it also agreed that the RCA had a critical role in how the cost recovery mechanisms should be created and ultimately adopted in load serving areas like GVA.

Mr. Million referenced Senator Wilson's request for identification of bill provisions that were supported. He cited that GVEA agreed with increased salaries for the RCA, as well as expanding the scope of criteria for the RCA to be used to determine whether rates were just and

reasonable. The association agreed with language assuring that the rate was set in accordance with the wholesale power agreement to ensure tax breaks were passed on to users or members.

9:23:25 AM

Mr. Million mentioned that GVEA was very supportive of the RTO concept. He referenced testimony by the GVEA CEO which conveyed that there were economic, technical, and institutional constraints that prohibited the lowest cost power from being transmitted to wherever it was needed the most. He explained that it was the goal of GVEA to get the lowest-cost electron to its membership from wherever it was generated and doing so unconstrained. He thought the economic constraints could be resolved through the elimination of wheeling, as Mr. Izzo had indicated. He thought the technical constraints could be resolved through the build-out of the Railbelt through the GRIP funding that had been discussed.

Mr. Million relayed that GVEA thought an RTO could resolve institutional constraints. He noted that the governor's energy task force had called for such an organization. He thought ideally the management committee should be similar to the makeup of the BPMC. He thought the model had proven success. He referenced many attempts to address issues in the Railbelt, and thought the legislation would correct the problematic constraints. He emphasized the need to make decisions quickly and collaboratively, particularly in order to take advantage of forthcoming grant funding opportunities such as GRIP I, and GRIP II funding.

Mr. Million thought the proposed RTO could define the "backbone" for transmission, which was defined as the main line from Homer to Anchorage to Fairbanks. The backbone would also include the new GRIP-funded lines, which would be a parallel path for electricity to move between the south and north. He mentioned ancillary services not part of the backbone such as battery energy storage systems, transmission lines to serve mines, and other items that could be defined by the RTO.

Mr. Million discussed the development of a cost-recovery mechanism as another critical activity of the RTO as defined in the CS. He noted that Mr. Burns had mentioned that a work group of the Railbelt electric utilities had

been formed to develop the mechanism as well as the governance documents for the organization. The subcommittee group consisted of legal, regulatory, and technical representatives from each of the utilities. With the assistance of a rate-making expert and a regulatory attorney, the group was working on the cost-recovery mechanism being contemplated in the CS. The group was sanctioned by stakeholders and had agreed to provide resources to the effort. He anticipated findings to be presented at the end of the year, including additional work on the duties, powers, and functions of the RTO.

9:28:30 AM

Mr. Million thought it should also be noted that each of the utilities, AEA, and the RRC had formed technical working groups that were working on AEA's strategic asset plan project, and would be studying the existing Railbelt system to forecast growth and generation loads. He summarized that much work had already taken place. He emphasized the timeliness of the proposed changes and the public good. He contemplated the consequences of inadequate infrastructure and not taking action. He supported a paradigm shift. He mentioned a legislative trip to Iceland, and the country's efforts to transform its energy.

9:31:08 AM

KERIANN BAKER, CHIEF STRATEGY OFFICER, HOMER ELECTRIC ASSOCIATION (via teleconference), expressed that the Homer Electric Association (HEA) was not in support of the current version of the bill as drafted. The association believed that HB 307 was a "cleaner version" that it would support with some changes. Ms. Baker referenced a letter to the committee from the Chugach Electric Association (copy on file), and noted that HEA agreed with the first and second paragraphs and shared the concerns outlined in the letter about net metering mentioned on page 2 of the bill.

Ms. Baker discussed parts of the bill that were amendable to HEA. She did not have issue with the tax exemption language in the bill. She mentioned concerns that some questions asked by the committee could not be answered. She commented on the complexity of the bill and mentioned that HEA's experts had wanted to hire professional help to assess the governance model and interregional transfers of power. She thought the complexity could result in

unintended consequences. She noted that HEA's concerns were not necessarily due to proposed ideas being wrong, but rather due to a lack of understanding of what was proposed. She acknowledged the good intentions of those that had contributed to the bill.

Ms. Baker explained that HEA was separated somewhat different than other Railbelt utilities. She explained that HEA was located on the Kenai Peninsula, and mentioned the one line that came off the peninsula and headed North along the road. She referenced priorities on the line that used the capacity with little room remaining for additional power HEA could sell. She explained that HEA supported GRIP funding going towards un-constraining the system.

[9:35:17 AM](#)

Ms. Baker contemplated purchasing power and described HEA being "islanded" while people upgraded and repaired the line. She knew CEA was acting responsibly but explained that islanding was unavoidable. Under the schedule as proposed by the Chugach contractor for line construction, there would be two to four months per year in which HEA would be independent for the next decade. The bill did not cover how HEA would be treated during the time. She discussed having an open access tariff, and if it altered the way the RCA certificate had been traditionally thought of. She mentioned a "take it or leave it" approach whereby the utility took on profitable and unprofitable consumers and members.

Ms. Baker mentioned the concern of an open market that existed only on paper. She considered that people would work in the best interest of the profit model, and prices could be driven up for certain members. She emphasized HEA's support of renewables and net metering and noted that HEA financed people putting solar on properties. She mentioned concerns related to the fact that most of solar power occurred in the summer, which shifted the cost of storing the power to other customers. She summarized that the bill was too much for one single year.

Senator Wilson discussed page 12 of the bill, which referenced the revenue mechanism for islanding. He thought lines 23 through 28 might be a fix for the issue. He asked Ms. Baker to comment what might make the situation better for HEA.

Ms. Baker relayed that HEA had some alternate bill language that it considered would work better. She relayed that HEA did not believe the provision mentioned by Senator Wilson would be a true fix. She mentioned the issues of islanding and the concept of the open market, without an actual open market because of the restraints HEA could not participate in. She offered to send the language to the committee.

Senator Wilson agreed he would like to see the suggested language from HEA.

Co-Chair Olson asked Ms. Baker to send the language to the committee.

Ms. Baker answered affirmatively.

[9:40:33 AM](#)

Senator Bishop asked if it was possible for Ms. Baker to provide the letter that suggested HEA would be out of power for two to four months for ten years.

Ms. Baker relayed that the information had been submitted to BPMC, and agreed to find and provide the letter to the committee.

Senator Merrick wanted to know how involved its board of directors had been in HEA's legislative positions and priorities. She asked what had gone into the decision to not repair the Swan Lake line and sell it to AEA.

Ms. Baker explained that HEA reported on operational issues to its board once per month. She addressed the Swan Lake fire and recommended that HEA's attorney speak to the committee, as he had more information about the matter. She thought sometimes there was a good reason for state ownership of assets. She relayed that HEA had had issues about the fire. She mentioned fire pits and instruction from the fire marshal as to when HEA could or could not work. She noted that she had not worked at HEA at the time of the incident and that the attorney was better positioned to provide accurate information.

Senator Kiehl considered that Ms. Baker seemed to be using the term "open access" differently than other testifiers when she discussed sales to more profitable or more

profitable elements. He understood that the term referred to wholesale/bulk sales of power from a producer to a utility or from one utility to another. He thought her comments suggested other understanding and asked her to provide more detail.

Ms. Baker expressed HEA's concern of whether the new tariffs would alter the common understanding. The association did not know how the tariffs would roll out. She thought HEA's team of experts, which had been considering the provisions, would be able to address the more complicated issues for the committee.

Senator Kiehl thought it was a worthy issue to explore.

[9:44:47 AM](#)

ARTHUR MILLER, CEO, CHUGACH ELECTRIC ASSOCIATION (via teleconference), introduced himself and explained that his comments would focus on three elements of the bill that were important from a public policy standpoint. He asserted that the transmission planning function should remain with the ERO. He emphasized that generation and planning were highly interrelated. He pondered that it was critical to ensure there was adequate transmission infrastructure in place when looking at putting in generation resources and for the power to be interconnected with the grid. He thought the population of the Railbelt did not necessitate another organization to provide oversight.

Mr. Miller emphasized that the Chugach Electric Association (CEA) was opposed to creating pancaked administrative oversight functions on the Railbelt, especially in recognition of the size of the Railbelt and the existing governance structure. He noted that the Railbelt was primarily made up of electric cooperative utilities rather than investor-owned utilities, which could fundamentally change the market structure. He emphasized that CEA supported the elimination of pancake wheeling rates, which he thought was critical to removing distortions of generation purchases that could be caused by uneconomic price signals created by the pancake wheeling rates.

Mr. Miller thought if the real goal was unification of transmission cost assignment and recovery for the transmission of all assets, it should apply to the entire backbone transmission system, regardless of the generation

source and without carve-outs. He noted that under long term agreements under the Bradley Lake Hydro Project, there were carveouts that provided wheeling at a rate lower than the system average costs. He recommended having the condition removed in determination of open-access transmission rates.

[9:47:47 AM](#)

Mr. Miller believed it was important to broaden the discussion of recovery mechanisms to include open access transmission service and tariffs that established unified rules and conditions for the wheeling of power throughout the Railbelt. He thought that the rules should include cost-recovery and ancillary services, as well as the terms and conditions for the structures that were modelled under federal guidelines and well supported in the industry.

Mr. Miller addressed his most important point and expressed CEA's adamant opposition to the transfer of management or operational control of the transmission system. He did not think the transfer would result in lower cost or rates and would not provide benefits to CEA's members. He noted that CEA's members had made substantial investment in transmission, and the transmission assets totaled over \$150 million. From 2023, CEA had spent \$41 million in rebuilding the transmission line from Anchorage to the Kenai Peninsula and was planning on an additional \$85 million to be spent from 2024 to 2030. He asserted that there was no benefit to be gained by transferring the management or operation control of the assets to another organization.

Co-Chair Olson handed the gavel to Co-Chair Stedman.

Senator Bishop asked for more detail regarding CEA's adamant opposition to control of transmission.

Co-Chair Stedman handed the gavel to Co-Chair Olson.

Mr. Miller was not certain of the definition of the transfer of management control. He pondered whether the transfer referenced the control of generation, opening and closing breakers on the system, or having control of the generators on the Railbelt. He considered EROs in the Lower 48, which held the responsibility of dispatch in a competitive power marketplace.

[9:50:57 AM](#)

Senator Bishop addressed Mr. Miller's first comment and asked him to provide an example of any other ERO in the country that had transmission planning under its purview.

Mr. Miller relayed that he had not done formal research on the topic, and was not at the point where he could provide an answer.

Senator Kiehl asked for Mr. Miller to discuss the notion of how much coordinating counsel was needed versus not needed. He thought Mr. Miller's mention of cooperatives implied that everyone was going to work together since there was no profit motive. He noted that a cooperative was responsible to its members. He asked for more detail as to where the boundaries needed to be.

Mr. Miller thought it was important to look at the governance structure of electric cooperatives, which were owned by the members. He noted that CEAs goal was to ensure reliability to its membership at the lowest possible cost. He thought it was critical that electric cooperatives work together. He mentioned collaboration of the Railbelt subcommittee group to develop a unified transmission rate and the possible development of an open access transmission tariff. He thought the collaboration was an efficient way without creating another organization to accomplish shared goals. He agreed that the BPMC was a good and efficient model for collaboration.

Mr. Miller commented that the Railbelt did not have a large population, and considered RTOs in the lower 48 that had significant populations. He thought it was important to be mindful of the size differences and not create additional overhead costs in the provision of electrical service.

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Senator Kiehl wanted more detail on whether the BPMC had management and control of the Bradley Lake assets.

Mr. Miller answered "yes."

Senator Wilson looked at Section 7, and referenced a letter from CEA that indicated it was not supportive. He thought

testifiers had indicated the language had come from CEA. He asked for reasoning behind the change.

Mr. Miller thought the language CEA had originally proposed had not been adopted in a way it had recommended. The original intent was to limit the exemption to renewables to help advance renewable generation throughout the Railbelt, recognizing that the exemption needed to be under the guise of an electric cooperative governed by a board of directors. If renewable projects were approved by the board, the projects could be permitted for recovery in electric rates without approval of the RCA.

Senator Wilson asked if the current Section 7 was no longer needed for CEA's recommendation.

Mr. Miller relayed that CEA's recommendation was to replace the bill language with language included in the letter dated May 2, 2024 (copy on file).

[9:57:09 AM](#)

CHRIS ROSE, EXECUTIVE DIRECTOR, RENEWABLE ENERGY ALASKA PROJECT, introduced himself and relayed that the Renewable Energy Alaska Project (REAP) was a statewide non-profit coalition of over 60 member organizations including clean energy developers, urban and rural electric utilities, educational entities, Alaska Native organizations, and non-governmental organizations (NGOs). The group had been working for the last twenty years to increase the development of the state's vast renewable energy resources and promote energy efficiency through collaborative education and training across the state and advocacy in Juneau. He recounted that beginning with the creation of the Renewable Energy Fund in 2008, REAP had been working to develop good public policy that lowered costs and diversified the state's energy mix.

Mr. Rose identified that REAP believed that the original version of SB 217, as introduced by the governor, solved two important problems in the interconnected Railbelt system. He cited that the original bill would eliminate wheeling tariffs in the Railbelt and would establish tax parity for independent power producers (IPPs) that were currently subject to local property taxes when electric cooperatives they sold power to were not. He contended that both provisions would create a more level playing field for

private sector investment in diversifying the Railbelt's energy mix.

Mr. Rose cited that over 40 percent of power produced in the country was produced by IPPs, and the IPPs took all the development and financial risk associated with projects. The IPPs developed wind and solar projects and signed a power purchase agreement with a utility to take the power. The electricity contract prices were certain, stable, and well-known in advance. He asserted that one of the advantages of renewable power was that it had no fuel associated with it. He continued that IPPs brought renewables expertise to utilities.

Mr. Rose noted that currently in the Railbelt the amount of IPP power was less than five percent. He continued that REAP believed that the Railbelt could attract more investment if IPPs enjoyed the same tax exemption than electric cooperatives and municipalities. He reasoned that IPPs that sold power to utilities should enjoy the same tax exemption in order not to pass the costs on to the consumer.

Mr. Rose discussed the elimination of pancaking and transmission wheeling rates as proposed in the bill. There were currently 5 transmission owners in the Railbelt, so moving power from one end to the other could be costly. The legislation would reallocate transmission cost recovery, and instead of recovering the transmission costs in two ways, all transmission cost recovery would be done through the rates transmission customers paid. He proposed that removing wheeling fees would enable more bilateral and economic transactions between the utilities in the Railbelt and would incentivize more projects being built by private investors.

[10:01:07 AM](#)

Mr. Rose continued that REAP also supported more pay and better qualifications for the RCA commissioners, as well as a new and independent board for AEA. He asserted that the price and supply of Cook Inlet liquid natural gas (LNG) was the most urgent concern in the Railbelt. He commented that Cook Inlet gas was already expensive, and utilities in the Railbelt were paying approximately five times more what utilities in the Lower 48 were paying for natural gas. The consultants that CEA and ENSTAR had hired over the previous

year to look at importing LNG had indicated that the state could expect the cost to increase by 50 percent.

Mr. Rose thought while creating the transmission system would have benefits for the Railbelt, SB 217 was not required for the state and utilities to attract federal grants. He shared that REAP was extremely concerned with provisions in the bill that would essentially deregulate transmission in the Railbelt. He recounted that since hearing the concerns of the RCA in 2020, the body had passed SB 123, which gave the RCA the authority it had requested to pre-approve all large generation and transmission projects in the Railbelt. Since 2020, all transmission generation projects of a certain size must get RCA approval before being built, which protected electric consumers and the state from having to pay for unnecessary infrastructure. He pointed out that by keeping the cost of power down in the Railbelt, it kept the floor of the Power Cost Equalization (PCE) Program from going up.

Mr. Rose noted that Version U would create a new RTO that would have the authority to plan and build transmission lines without first getting the approval of the RCA. The RTO would be under AEA, which was specifically exempt from regulation of the RCA. The RTO would not be subject to current law which gave the RCA the authority to pre-approve all large transmission projects. He emphasized that it did not make sense that the RCA currently regulated all four cooperatives and their assets, when the legislation would create a new transmission organization that would be exempt from regulation. He pointed out that apart from requiring the RCA to approve the RTO transmission cost recovery tariff, no other activities of the proposed RTO would be regulated by the RCA under Version U of the bill. He noted that the provision was not consistent with the task force recommendation referenced by Mr. Million, which discussed a "regulated" transmission organization.

Mr. Rose expressed that REAP opposed the new RTO as proposed, and did not think it was fair to consumers to allow half-billion dollar projects to be built without RCA oversight. He contended that good projects would be approved, and there were many years before new transmission projects would be in the construction phase. He pointed out that an ERO called the Railbelt Reliability Council (RRC), populated by all the utilities, AEA, and other stakeholders had just been certificated by RCA a year and a half

previously. The organization was charged with doing integrated transmission and generation plans that must be approved by RCA. He explained that REAP believed it made far more sense to use existing law and institutions to build out the transmission system, rather than creating a new RTO that was not subject to RCA's project approval authority. He noted that REAP had suggested statutory fixes if the committee desired.

Mr. Rose concluded that REAP was very supportive of eliminating transmission wheeling fees, and providing a level playing field for private investors by giving the same property tax treatment that cooperatives enjoyed. He stressed that REAP was opposed to a new RTO that took away authority from existing institutions and was not subject to complete RCA oversight. He referenced accountability as mentioned by Mr. Izzo.

[10:05:21 AM](#)

Mr. Rose supported establishing a new net-metering framework to encourage people willing to build solar capacity with their own resources, and supported a provision added in the Senate Resources Committee. He noted that there was very little solar penetrating in the Railbelt grid, but there was great opportunity for individual customer generators to make a significant contribution to the overall generation in the Railbelt, allowing more expensive natural gas to be stored in the sunny months to be available for heating in the winter. He thought it made sense to give incentive for people to make personal investments that provided benefit to the whole system, particularly when the region was in a gas crisis. The language in the bill shortened the payback time for the investments. He proposed that more rooftop solar would create jobs, increase energy security in the region, and keep energy dollars in the state instead of exporting the dollars to import more natural gas.

Co-Chair Stedman thought Mr. Rose had referenced a price of \$8/gallon for gas in Anchorage, which might go to \$12/gallon.

Mr. Rose relayed that the average gas price was about \$7.75 to \$8/gallon.

Co-Chair Stedman thought the price equated to about \$.035 cents per kilowatt, and doubling the gas price would equate to about \$.045 to \$.05 per kilowatt, which was cheap relative to the rest of the state. He commented on the lowest price of oil in a decade. He recognized that there was price pressure in the Railbelt for natural gas, and it had an impact on the citizens. He considered the cost of other energy resources around the state and thought the state would be happy to heat homes at \$1.50/gallon oil. He thought the committee should concentrate on trying to work with the Railbelt to get the utilities to work together and fix the gas supply. He mentioned that AEA had brought forward a cost comparison around the state. He commented that natural gas in the Railbelt was very cheap relative to other parts of the state, and he thought it stood out when put into a BTU equivalent.

Mr. Rose relayed that REAP worked all over the state and recognized that there were much higher costs all around the state. He commented that there were 500,000 people in the Railbelt, so it did impact the entire state.

[10:08:51 AM](#)

Senator Wilson thought that Mr. Rose supported IPPs, and that having power agreements and the passage of the bill would allow for numerous IPPs to come into the state. He thought there did not seem to be a regulatory entity that would help with generation or cooperation with local utilities, and wondered if it was missing from the bill. He wondered who would benefit when IPPs came in and were not taxed or regulated. He mentioned net metering. He thought most utilities he had spoken to had concern with new language in Section 5 and the seven-year extension with no plan afterwards. He mentioned concerns about cost after the seven years.

Mr. Rose addressed net metering and relayed that the reason why the legislation had a period of seven years was that the provision would change the net metering that was in place currently. Currently, by administrative rule the RCA had allowed customers and regulated utilities to put up rooftop solar and sell back excess generation to the utility at a wholesale rate. Any consumption during the month was credited to the utility consumer at retail rate. He described the mix of retail rates with wholesale rates and noted that the original net billing language was

pushing back towards all wholesale rates. The annual net metering language in the bill was structured in the way it was because of the disproportionate resource of solar power. He suggested that by having the net be done on an annual basis instead of a monthly basis, a person could size the system for the entire year and bank retail credit until the end of the year. The time span of seven years was proposed in the bill to mitigate the impact on utilities as after seven years there would be a switch back to monthly net metering.

[10:12:20 AM](#)

Mr. Rose continued that the bill also only applied to new installations. He noted that REAP was trying to advance more rooftop installations now in order to displace more natural gas in the Railbelt. Retail credit would only be for new installations. He addressed Senator Wilson's question about IPPs, and thought there was language in the bill that required contracts between IPPs and utilities to be regulated by the RCA.

Senator Wilson asked about net metering and thought there might be concern related to why a homeowner would get the retail rate when not paying the same administrative costs as utilities.

Mr. Rose agreed that if a person received a retail rate, it would not include paying for the fixed costs. He thought there the portion of people with solar in the Railbelt, those not paying for fixed costs was relatively minor and the costs spread out over the other users was insignificant but that should be monitored. He pointed out that people buying solar panels with federal tax credits and with their own funds were adding capacity to the system at no cost to the utility, and that there would be incentive for individuals to pay for generating capacity in the Railbelt grid.

Senator Wilson commented on solar users getting a federal subsidy and wondered if they should get an additional state subsidy. He referenced selling power back to the utility, which a person could be paid for rather than receive credit.

[10:15:21 AM](#)

Senator Kiehl thought Mr. Rose raised some interesting questions about what was regulated and what was not. He asked about the "postage stamp rate" for the backbone transmission, and whether or not that rate was and should be regulated under the bill.

Mr. Rose hesitated to call the rate a postage stamp rate, and thought that the intent was to try and eliminate the wheeling rate altogether. He noted that the transmission tariff that divided the costs through the four utilities and allowed the utilities to recover costs through rate payers, would be regulated. He thought the bill was clear in that the tariff was the only thing the RTO was regulated on.

Senator Kiehl referenced the plans that Mr. Rose mentioned and the ability of the proposed RTO to plan and build backbone transmission. He agreed an ITP did not go to the RCA, but ultimately the method of payment did. He thought the RRC was still responsible for the integrated resource plan (IRP) for the Railbelt, which included transmission and had to go to the RCA. He asked about the potential risk that the new RTO came up with a transmission plan that trumped the IRP.

Mr. Rose relayed that the way the bill was currently written, transmission planning came out of the ERO, but only for backbone. He did not think "backbone" was well defined, which meant there were radial lines and other transmission assets that would continue to be planned by the ERO, but the backbone would be planned for and under the jurisdiction of the unregulated non-independent transmission organization. He thought while the IRP that was still in statute that the ERO would still be responsible for, there were many questions raised. He mentioned CEA raising questions about bifurcating planning authority and who might be the superior planning entity. For these reasons, REAP did not think transmission and generation planning should be taken out of the ERO. He thought many questions were raised regarding what transmission system would be planned since the bill only referenced "backbone." He commented that REAP supported having all integrated planning happening in one place.

Co-Chair Stedman recalled a recent presentation that discussed the Bradley Lake Hydroelectric Plant Project and indicated a rate of about \$.04 per kilowatt. The \$.04 per

kilowatt was equivalent to the price adjustment of about \$12/gallon if there was an escalation of the cost of gas in the Railbelt. He thought it was important to consider things in terms of energy equivalency for the concept of scale.

10:20:04 AM

NILS ANDREASSEN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, introduced himself and read from prepared testimony:

Having served on the Governor's Energy Security Task Force, it's worth recognizing the shared vision with which we approached the singular goal of working to lower energy costs for Alaskans.

While I won't comment on a lot of the details in S8217 related to an electric reliability organization or Railbelt transmission, I'd like to focus my remarks on the area of the bill that directly impact local governments. AML doesn't currently have a position on the bill, having only had these last few days to review more recent changes.

But for local governments, the considerations that are important will center on the mandatory exemptions proposed in the current version of the bill. AML members have consistently voted as a principle to oppose mandatory exemptions; it's a bedrock of local control that these are decisions more appropriately made at the local level.

At a time when hundreds of millions of dollars are flowing to Alaska for community energy projects, it is difficult to imagine that local government taxes are a barrier to doing business. Between IIJA investments and IRA tax credits, there's a compelling opportunity right now for businesses to advance projects that otherwise wouldn't have been possible.

To forego taxation, too, we'd want to be able to answer some basic questions:

- What is the value of the subsidy to current IPPs, where this provision won't stimulate new activity? Who will this impact?

- What will be the impact on the State corporate income tax? What is the tax structure of IPPs, for whom this will apply?
- What growth of IPPs is anticipated, and do we have an accurate description of demand for tax breaks?
- How will the RCA translate government subsidies for for-profit corporations into rate relief? How will this be operationalized?

For local governments, there are technical considerations as well:

- How will this work in services areas, where things like road maintenance and fire response are tied to very specific geographic units and their related and small tax base?
- How does this affect valuation, and contributions of local governments to schools?
- What kind of modelling has been done to demonstrate the distributional impacts of an exemption compared to rate-setting. Essentially, who pays, and how is it different between these different scenarios?
- While we're working toward the one goal of lower-cost energy, how do we make sure to avoid unintended impacts to public safety, education, and the overall tax burden of all residents?

Local governments are partners in energy development. It can be messy, yes, and there is definitely a process to go through, that take time and effort. But energy developers that work through a local process, that involves planning approvals and negotiations around tax incentives or other types of investments should end up with stronger projects as a result. Local decision-making for incentives is crucial - it recognizes that energy project development is not a one-size-fits-all approach. Some projects are economic and competitive without eliminating local taxes or shifting those to other tax payers. They are active and successful today. Other projects need a break to pencil out, and to negotiate those incentives with their local governments, in which case both sides recognize the mutual benefit that should occur.

As an optional exemption, each local government will go through the same decision-making process that is in front of the legislature today. What are we foregoing and what will be the impact on current services or the tax burden of other taxpayers; and what are we gaining and how will those benefits improve out quality of life or community and economic development? It's important that those tradeoffs occur at the local level. My sense in talking with members so far was that there was some surety that incentives translate into lower-cost power that would be a priority for them. There was also interest and support for leveling the playing field so that IPPs can offer more competitive wholesale rates as long as it can translate to the public benefit that others are held to. We realize that IPPs aren't regulated, so there is a careful approach needed to translate these investments into lower cost power for Alaskans. So maybe there are ways to get there that the legislature can work toward. Again, having not being involved in drafting this bill, there is maybe more context to any of these suggestions than I am aware of, but I will offer the following:

- In Section 4, is it possible to add, "and the degree to which it has reduced costs based on government subsidy or tax exemption" or something to that effect.
- In Section 6, we appreciate the provision that takes into account the exemption or subsidy as a factor in rate-setting, which we hope results in greater confidence in lower rates for Alaskans.
- Section 13, of course, would be better in some ways as an optional exemption. Is there middle ground, with language that requires the local government to develop by ordinance and implement a process for evaluating the merit of an exemption, based on the same considerations as directed to the RCA in this bill.
 - Should the value of a mandatory or optional exemption be capped at not falling below 2.65 mils, so that the local government's school contribution is continued to be met, or should that requirement be removed so that obligation stays with the state?

- Is there a way to focus this exemption on the development of new low-cost power, such as by waiving taxes for some period of time?

[10:25:23 AM](#)

Mr. Andreassen continued his testimony:

AML appreciates the consideration given to this bill by the Senate Finance Committee, and the work that Senate Resources and the Governor's office has put in thus far. I continue to be struck by and admire the Governor's ambitious goals and Legislature's commitment to lower the cost of energy for all Alaskans - I hope that by working together we can advance that vision.

Senator Wilson asked if most IPPs were non-profit organizations and would not be subject to the taxes.

Mr. Andreassen understood that IPPs were for-profit corporations.

Senator Wilson asked why an IPP would not bypass the loophole and form a non-profit to sell the power back to local utilities under a different agreement.

[10:27:05 AM](#)

RECESSED

[1:36:55 PM](#)

RECONVENED

Co-Chair Olson called the meeting back to order and relayed that the committee would complete invited testimony for SB 217.

[1:37:41 PM](#)

NATALIE KILEY-BERGEN, ENERGY LEAD, ALASKA PUBLIC INTEREST RESEARCH GROUP (via teleconference), introduced herself and relayed that the Alaska Public Interest Research Group (AKPIRG) had submitted substantial public comments and had numerous meetings with decision makers regarding the legislation. She discussed a presentation entitled "SB 217: INTEGRATED TRANSMISSION SYSTEMS - SENATE FINANCE," (copy on file).

Ms. Kiley-Bergen showed slide 2, "AKPIRG & the Railbelt Electric Reliability Organization":

Small Consumer Seat on the Railbelt Reliability Council

AKPIRG is the only non-governmental consumer advocacy and research organization in Alaska

We are a nonpartisan organization and our priority is ensuring ratepayers benefit statewide in the short and long term from energy policy decisions

We support the compromises in Senate Bill 217 Version U (current) with some suggestions

Ms. Kiley-Bergen turned to slide 3, "Retain net metering (Section 5), ERO planning authority, and improved RTO governance structure (Section 18)":

Net metering will allow more Alaskans to afford residential solar and benefit from federal infrastructure funds

- Extends the life of Cook Inlet natural gas
- 7 year cap reduces risk to Utilities

Retain full planning with ERO

- Prefer an independent RTO that functions as an independent system operator with economic dispatch
- Our hope is the RTO moves toward independence and economic dispatch over time with meaningful representation from impacted parties

[1:42:35 PM](#)

Ms. Kiley-Bergen addressed slide 4:

RTO gets transmission planning? Safeguard public interest review of integrated transmission plan

Parity with the integrated resource plan (ERO purview): RCA approval of the integrated transmission plan

Mirror existing statute AS 42.05.780(b) in Section 18 of Senate Bill 217

- RTO files petition with the RCA to approve the plan
- RCA conducts public notice and approval of the plan requires consistency with the public interests

Ms. Kiley-Bergen spoke to slide 5:

Clearly define "backbone transmission" and RCA oversight of these assets

Clarify that excluding ancillary and radial transmission lines from "backbone transmission" means transmission associated with new generation is excluded from the integrated transmission plan

Transmission associated with new generation should be planned with generation as part of the ERO's integrated resource plan

Clarify that assets managed by the RTO are not subject to AS 42.05.431(c) "the Bradley exemption"

Ms. Kiley-Bergen addressed slide 6, "Further strengthen RCA Commissioner qualifications (Section 1)":

Alternative qualification for Alaskans with extensive public administrative experience who may lack an advanced degree

- at least 15 years of actual experience in public administration serving on a state board, state commission, or authority, including tribal government or tribal decision-making authority

Require that at least 1 commissioner be qualified under public administrative experience from work in rural and tribal communities

Ms. Kiley-Bergen referenced an acute event one year previously that resulted in a 400 percent increase in energy rates in Aniak with no public notice as an example of the need for representation from rural and tribal communities.

[1:46:36 PM](#)

Ms. Kiley-Bergen showed slide 7:

THANK YOU
QUESTIONS?
CONTACT: NATALIE@AKPIRG.ORG

Co-Chair Olson asked about net metering, and asked if AKPIRG was in favor of net billing.

Ms. Kiley-Bergen relayed that AKPIRG was in support of net metering and was less supportive of net billing. The organization believed that net metering better supported Alaskans and allowed for more people to be able participate in residential solar. She thought net metering would better service the system by adding capacity. She opined that net billing was a much smaller credit, and therefore limited who had the resources the resources to participate. Additionally, she considered that net billing limited how much capacity would be added to the system at a critical time.

Co-Chair Olson asked about slide 5, and a clearly defined backbone and RCA oversight of the system. He asked for the reasoning for the second bullet on the slide:

Clarify that excluding ancillary and radial transmission lines from "backbone transmission" means transmission associated with new generation is excluded from the integrated transmission plan

Ms. Kiley-Bergen explained that the clarification would ensure that the transmission associated with new generation would be planned through the IRP so that generation and the associated transmission were planned together. She continued that Federal Energy Regulatory Commission (FERC) definitions for ancillary and radial were highly technical, and there was a certain threshold at which radial transmission lines coming from generation sources were no longer radial. She posited that it would be most cost effective for transmission lines coming from generation to be able to combine before meeting the backbone system. The change would provide clarity for the ERO to move forward with the IRP and all generation-serving transmission lines would be part of the IRP as the effort was already ongoing through the RRC.

Co-Chair Olson asked how the change would serve the public interest.

Ms. Kiley-Bergen posited that it could be more cost-effective to have multiple renewable generation resources connect to a single generation line that would connect to the backbone transmission system. The generation sources, yet to be developed, were very site-specific based on the conditions of the location. The distance from the backbone transmission could be a big development cost, so ensuring generation was considered part of the planning would keep transmission costs as low as possible.

SB 217 was heard and HELD in Committee for further consideration.

#hb66

CS FOR HOUSE BILL NO. 66(FIN) am

"An Act relating to homicide resulting from conduct involving controlled substances; relating to misconduct involving a controlled substance; relating to sentencing; and providing for an effective date."

[1:50:58 PM](#)

Co-Chair Olson relayed that it was first hearing for HB 66, a major crime bill that received significant changes in the Senate Judiciary Committee (SJUD). He noted that the bill sponsor was chair of the SJUD committee.

[1:51:24 PM](#)

SENATOR MATT CLAMAN, spoke to the SJUD Committee Substitute (CS) of the bill. He relayed that the Department of Law would provide a more detailed Sectional Analysis of the bill. He explained that HB 66 was the governor's "fentanyl bill," which he had introduced to fight the increased rates of fentanyl and methamphetamine-related deaths. The CS - Version N modified the house version of the bill by including only Class IA and Class IIA controlled substances including fentanyl and methamphetamine in the crime of second-degree murder, but not Class IIIA controlled substances.

Senator Claman continued that the SJUD CS had incorporated five other crime bills, including HB 11 relating to the crime of assault in the presence of a child in Section 6 of the bill. The section sought to make the act of assault in

the presence of a child a Class A misdemeanor, which followed the same provisions of Anchorage Municipal Code [8.10.050 Family Violence]. He noted that the City of Anchorage had been able to prosecute the crime for some time, but it had not been possible elsewhere in the state.

Senator Claman continued that the CS added HB 28 (access to marijuana conviction records) to Section 27, which would make the records of individuals convicted of minor marijuana crimes confidential so long as the individual was 21 years or older at the time of the offense and were not charged with any other crimes at the same incident. The bill also incorporated HB 265 (child sexual abuse material) throughout the bill, which had not substantive change to crimes or penalties, but changed the name "child pornography" to "child sexual abuse material." He relayed that testimony in committee had shown that there was a belief that the change would increase public awareness and increase the ability to prosecute the crime.

Senator Claman continued that HB 286 (crime victim restitution) was also added to the CS. The changes provided clarification in current statute regarding victim restitution. He mentioned strong support in committees and in the other body. The CS also proposed to add SB 53 (competency and involuntary commitments), which was in multiple sections. He thought the committee was very familiar with SB 53. The bill had passed the Senate the previous year and posed a straightforward solution in closing the gap in the state's criminal justice system and behavioral health system when a person was incompetent to stand trial and should be involuntarily committed to the Alaska Psychiatric Institute (API).

Senator Claman continued to address SB 53, which had been added to the CS. He recounted that the legislation had been partly in response to a man with an intensive psychiatric and criminal history stabbing his constituent Angela Harris as she waited to return books at the Loussac Library. He proposed that the assailant should not have been released as the court dismissed his criminal case instead of a petition for involuntary commitment based on his history of violence and psychiatric condition which made him a danger to the community.

Senator Claman noted that Version N of the bill made additional changes in response to the "Abigail B." Alaska

Supreme Court Case, and incorporated amendments that addressed what happened when people were being held for a period of time awaiting transportation to API or another evaluation facility due to lack of capacity. The CS shortened the period of holding while awaiting space for evaluation at a facility without a hearing from 10 days to 7 days, and made sure people being held for transport always had a right to a hearing.

[1:55:25 PM](#)

Senator Claman continued his remarks. He noted that Version N also moved the provisions regarding holds while awaiting admission to API or a crisis residential center for evaluation from AS 47.30.705 to AS 47.30.715, which addressed the procedures following ex parte ordered hold of a person. He noted that the Abigail B. amendments were unrelated to the gap in the criminal and civil systems highlighted by the attack on Angela Harris.

Senator Claman relayed that the final bill incorporated into the CS was SB 65, related to harassment, sex offenders, and offenses. The first key part that was added was in Section 50, which would correct prior provisions dealing with sex offender registration that would require out-of-state sex offenders that moved to the state would also have to register in Alaska. The second part was in Section 51 and involved a change to the court rule, which specifically allowed hearsay to be admissible in grand jury proceedings. The rationale was that in federal court, hearsay was fully admissible, and it was the sponsors view that it should not be harder to present evidence for an indictment in state court than in federal court. He thought having the state rules conform to the federal rules was an essential step in improving the rights of victims and making the process work more effectively.

[1:57:19 PM](#)

ANGIE KEMP, DIRECTOR, CRIMINAL DIVISION, DEPARTMENT OF LAW, explained that the bill was designed to do a number of things. She referenced a recent article in the Alaska Daily News, which was an opinion piece and posed the question of why victims were bearing the majority of the burden as a case proceeded through the criminal justice system in Alaska. The answer offered, which she concurred with, was that it was not necessary. She posited that the bill was

designed to respect the call to action in the article and respect to the things that were said in the opinion piece. She suggested that the members read the article.

Ms. Kemp contended that the bill accomplished what was suggested in the article starting in Section 1. She outlined that victims had a constitutional right to protection and a constitutional right to participate in the criminal justice process. She continued that in order to respect that constitutional right, victims should not have to come before the grand jury to recite what had already been recounted to law enforcement. She mentioned a 14-year-old victim of abduction having to describe the crimes against her in a court of law. She contended that the bill gave the victim a voice and opportunity, at a grand jury phase, to avoid reliving the crime. The bill did not mean that the victim would not testify if the case proceeded to trial.

Ms. Kemp continued that the bill gave voice to many categories of victims and acknowledged that the individuals were unnecessarily burdened at the grand jury phase. She mentioned that the provision was something the vast majority of other states did and would bring Alaska in line with the federal rule. She offered the caveat that the proposed provision did not go as far as federal rule. The bill proposed to allow a prosecutor to play the audio of a victim's account to police at grand jury to assess for probable cause in order to move the case forward. She characterized the change as a dramatic step in the state to give voice to victims.

[2:01:56 PM](#)

Ms. Kemp noted that the legislation did more than protect victims at the phase of the process addressed in Section 1. There were many other provisions that honored and respected victims throughout the criminal justice process, including components in the bill that honored victims of child pornography. She noted that the provisions were related to the terminology change, and signified that the crime was much more than pornography, and was the memorialization of the children victims. She discussed components in the bill that prevented sex offenders from avoiding registration when coming from another state. She described a provision dealing with restitution for lost wages for a parent that needed to accompany a child victim to trial.

Ms. Kemp explained that the bill spoke to the important information-sharing related to incompetence proceedings to allow victims to have information about events in the proceeding. The bill created many new provisions that allowed a victim to participate meaningfully in a trial once a person had been hospitalized for incompetency. The issue had been a loophole. She emphasized that the bill respected victims' rights and the constitutional obligation to provide the rights.

Ms. Kemp emphasized that the bill also held offenders accountable, and there were many provisions related to drug offense language. She referenced distribution of methamphetamines and a change to Misconduct Involving a Controlled Substance in the Second Degree. There was a sentencing enhancement for a person that distributed fentanyl or methamphetamine. She assumed that the members were aware that there was a fentanyl crisis, and she did not think it was an overstatement to describe it as such. She offered an anecdote related to access and availability of fentanyl in Nome.

[2:05:39 PM](#)

Ms. Kemp emphasized that fentanyl was shockingly available. She mentioned the increase in overdose deaths related to fentanyl and methamphetamine from 2012 to 2022 as cited by the state Division of Public Health. She mentioned the availability of Narcan and other life-saving measures.

Ms. Kemp discussed penalty enhancements for the distribution of fentanyl and methamphetamine. She mentioned a change to a crime of Murder in the Second Degree for someone that distributed and completed the offense of misconduct involving the controlled substance that resulted in the death of a person. She noted that the primary two principals related to what the bill would accomplish was to respect victims and hold offenders accountable. She mentioned a summary of the changes made in the previous committee (copy on file) and asked whether the committee had any questions.

Co-Chair Olson referenced a number of other bills that had been included into HB 66. He asked if the administration was in favor of the inclusions.

Ms. Kemp answered affirmatively and noted that the department had worked closely with Senator Claman and generally supported the provisions.

Co-Chair Olson characterized that there had been a good bill that was made better by the additions.

Ms. Kemp agreed.

[2:09:16 PM](#)

KACI SCHROEDER, SENIOR ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, DEPARTMENT OF LAW, thought Ms. Kemp had stated things quite well. She agreed that there were some very important provisions in the bill and that the legislation could move the needle in a positive direction for victims.

Co-Chair Olson asked if Ms. Schroeder was optimistic about the bill.

Ms. Schroeder answered affirmatively.

[2:10:02 PM](#)

AT EASE

[2:13:33 PM](#)

RECONVENED

Senator Merrick asked if there was anything in the bill related to offenders that had repeatedly violated conditions of release, and if not, if Ms. Kemp would recommend that there was.

Ms. Kemp relayed that what Senator Merrick described was not included in the bill but had been included in a separate piece of legislation, HB 67. She relayed that the administration would support an inclusion of the provision.

Ms. Kemp reviewed a new fiscal note from the Department of Law, OMB Component number 2202. She explained that the note had a request for three positions that related specifically to the provisions from SB 53. She noted that SB 53 included mandates for the Criminal Division to do things it had not been previously required to do. She made note of a requirement when a person went from a criminal competency hearing in which the case was dismissed to a petition for hospitalization, the prosecution would be required to

submit petition for the hospitalization. She noted that there were many aspects of the bill that required greater information sharing regarding an offender's hospitalization and status. She mentioned ongoing notification requirements for the criminal division that could necessitate getting on the phone with victims months or years after a case had been dismissed to ensure access to hearings and information. She noted that the practice was currently not done, and the division had not previously had the same access to the hearings. She explained that the Criminal Division believed that an Attorney V position, a paralegal, and a law assistant was needed to address the new requirement. She noted that the provision was not an uncomplicated area of law, and an Attorney V position would be able to handle the necessary work.

[2:17:35 PM](#)

JAMES STINSON, DIRECTOR, OFFICE OF PUBLIC ADVOCACY, DEPARTMENT OF ADMINISTRATION (via teleconference), discussed a new fiscal note from the Department of Administration, OMB Component number 43. He cited that the bill was substantial, and he thought he had given his best and relatively conservative estimate of the resources needed for the agency. The note requested one Attorney IV position, and one Law Office Assistant II position.

[2:18:27 PM](#)

TERRANCE HAAS, PUBLIC DEFENDER, DEPARTMENT OF ADMINISTRATION (via teleconference), spoke to a new fiscal note from the Department of Administration, OMB Component 1631. He cited that the note requested two Attorney IV positions and two Law Office Assistant positions. The positions would be based in Anchorage save for one assistant position in Palmer.

Senator Wilson asked about a potential increase in caseload or whether the requested positions were a result of the legislation.

Mr. Haas gathered that Senator Wilson was asking if the position requests were based on increased caseloads or based on the specific provisions in the bill. He considered that the provisions in the bill necessitated the positions that were requested. He distinguished that his agency represented the individuals throughout the process in the

potential two-year commitment between criminal cases and civil cases. He continued that for two-year commitments, it represented a significant amount of representation and work. The individuals had the right to request a hearing throughout the two year process.

Mr. Haas noted that the fiscal note pulled together some previous fiscal notes, many of which were created before his tenure. He thought the new combined fiscal note was on the conservative side. He mentioned the creation of a new form of homicide, which was always significant for defense attorneys in particular and required the most amount of work. He noted that the Law Office Assistant positions were tied particularly to the registration requirements, which were paper-heavy cases and required a lot of administrative work. He recounted that he had taken off a couple of lawyers and a couple of administrative positions between all of the fiscal notes from the legislation that was combined for the bill.

[2:21:51 PM](#)

LISA PURINTON, DIRECTOR OF STATEWIDE SERVICES, DEPARTMENT OF PUBLIC SAFETY, spoke to FN 14 from the Department of Public Safety, OMB Component 2744. She identified that the department had a zero fiscal note and were not anticipating a significant fiscal impact or workload impact to the Alaska State Troopers from the changes in the bill.

Ms. Purinton spoke to FN 15, OMB Component 3200, for the Criminal Justice Information Systems Program. The note cost was twofold and would be temporary incremental funding for a Criminal Justice Technician to research records and identify information of shielding of certain marijuana convictions from certain background checks. She referenced language from HB 28. The cost would be to hire a Programmer position for year one costs. She noted that the system that held the state's criminal history records was a legacy mainframe system, and the department did not have staff to fix the system and the work was contracted out. In year one and two there would be costs for a position to research an estimated 8,500 qualifying record. She described the way records were stored and the time necessary to research. The total cost for FY 25 was \$194,000 and the total cost for FY 26 was \$120,600.

CSHB 66(FIN)am was heard and HELD in Committee for further consideration.

Co-Chair Olson discussed the agenda for the next meeting.

#

ADJOURNMENT

2:25:11 PM

The meeting was adjourned at 2:25 p.m.